HEALTH QUALITY COUNCIL

CHARTING A COURSE FOR QUALITY HEALTH CARE IN SASKATCHEWAN

2002/2003 Annual Report

OUR MANDATE

- Monitor standards of care
- Research and develop new standards for care
- Assess prescribing and use of prescription drugs
- Oversee drug approval processes
- Review new technologies
- Promote training and education programs
- Monitor and assess quality of services
- Explore human resource issues

OUR DEFINITION OF QUALITY

Quality health care is care that is accessible, safe, effective, patient-centred, timely, efficient, and equitable.

TABLE OF CONTENTS

ANNUAL REPORT 2002/2003

Page 1 Join us on this Journey

Page 2 Charting a Course for Quality Health Care in Saskatchewan

Page 4 Who's On-Board?

Page 6 Statement of Financial Position

Page 7 Statement of Operations

Page 8 Statement of Change in Net Assets

HEALTH QUALITY COUNCIL

- Monitor standards of care
- Research and develop new standards for care
- Assess prescribing and use of prescription drugs
- Oversee drug approval processes
- Review new technologies
- Promote training and education programs
- Monitor and assess quality of services
- Explore human resource issues

Quality health care is care that is accessible, safe, effective, patient-centred, timely, efficient, and equitable.

TABLE OF CONTENTS

Page 1 Join us on this Journey
Page 2 Charting a Course for Quality Health Care in Saskatchewan
Page 4 Who's On-Board?
Page 6 Statement of Financial Position
Page 7 Statement of Operations
Page 8 Statement of Change in Net Assets

HEALTH QUALITY COUNCIL

103-06615/

CHARTING A COURS
CARE IN SA

Our Destination
Our vision is to make Saskatchewan health care better.

We have developed a draft mission statement to guide our work:
"To improve the quality of care and the caring experience in Saskatchewan by encouraging use of best evidence."

We are confident we can reach our destination by
- ensuring continuous, objective reporting on performance;
- supporting quality improvement initiatives; and,
- engaging all decision-makers—managers, providers, and patients—in the quality improvement movement.

Our Starting Point
Planning for this journey started some time ago.

In his final report—tabled in April 2001—health consultant Ken Fyke suggested the creation of a Quality Council would position Saskatchewan to "lead the country in the pursuit of a quality culture that will be the next great revolution in health care."

The provincial government signaled its agreement with Fyke's assessment, when it announced in December 2001 the formation of a new health care Quality Council with the capacity, expertise, and breadth "to identify the gap between 'what is' and 'what should be'."

Our Road Map
We shared our proposed "road map" with stakeholders at the 2003 "Partners in Health" conference.

This year's convention was an appropriate forum for launching our *Room for Improvement* discussion paper, as it marked the first time the province's major annual health event was jointly organized by professional associations, regional health authorities, the Saskatchewan Association of Health Organizations, and government.

"Partners in Health" was a fitting venue to begin engaging our audiences in dialogue about what areas of the health system hold the greatest potential for improving the quality of care.

Health Quality Council board is appointed by provincial government.
November 2002
Creation of a Quality Council is among the recommendations in health consultant Ken Fyke's final report of the Saskatchewan Commission on Medicare.
April 2001

FOR QUALITY HEALTH
SKATCHEWAN

March 2003

Room for *Improvement* discussion paper is released by Health Quality Council at 2003 "Partners in Health" conference.

December 2001

Quality Council is announced as part of the Province's Action Plan for Saskatchewan Health Care.

Asking for Directions

Our board is seeking input as it develops its initial agenda.

In *Room for Improvement*, we introduced five potential starting points for the Council:

- access to health services;
- applying evidence;
- primary health care;
- quality improvement; and,
- patient safety.

Our board identified these possibilities, based on key indicators of health and health care in Saskatchewan, and research evidence and quality improvement initiatives elsewhere.

In late March we began meeting with professional associations and regional health authorities to introduce our new agency and mandate, and to seek their input on priorities.

First Steps Down the Road

The road ahead holds endless possibility.

The Health Quality Council is carrying forward work started under the Health Services Utilization and Research Commission (HSURC), including projects to improve mental health care, emergency medical response in rural areas, and the Quality Workplace Program to improve working environments.

And we are beginning to explore exciting new options for creating a culture of quality improvement.

To build momentum for this movement, we have begun planning for a province-wide network of leaders in quality improvement, drawn from regional health authorities and other interested partners.

To improve quality at the front lines of care, we are exploring the possibility of providing seed money for quality improvement initiatives and activities.

CHARTING A COURS
CARE IN SA

Our Destination

Our vision is to make Saskatchewan health care better.

We have developed a draft mission statement to guide our work:
"To improve the quality of care and the caring experience in Saskatchewan by encouraging use of best evidence."

We are confident we can reach our destination by
- ensuring continuous, objective reporting on performance;
- supporting quality improvement initiatives; and,
- engaging all decision-makers—managers, providers, and patients—in the quality improvement movement.

Our Starting Point

Planning for this journey started some time ago.

In his final report—tabled in April 2001—health consultant Ken Fyke suggested the creation of a Quality Council would position Saskatchewan to "lead the country in the pursuit of a quality culture that will be the next great revolution in health care."

The provincial government signaled its agreement with Fyke's assessment, when it announced in December 2001 the formation of a new health care Quality Council with the capacity, expertise, and breadth "to identify the gap between 'what is' and 'what should be'."

Health Quality Council board is appointed by provincial government.

Our Road Map

We shared our proposed "road map" with stakeholders at the 2003 "Partners in Health" conference.

This year's convention was an appropriate forum for launching our *Room for Improvement* discussion paper, as it marked the first time the province's major annual health event was jointly organized by professional associations, regional health authorities, the Saskatchewan Association of Health Organizations, and government.

"Partners in Health" was a fitting venue to begin engaging our audiences in dialogue about what areas of the health system hold the greatest potential for improving the quality of care.

Creation of a Quality Council is among the recommendations in health consultant Ken Fyke's final report of the Saskatchewan Commission on Medicare.

Room for Improvement discussion paper is released by Health Quality Council at 2003 "Partners in Health" conference.

Quality Council is announced as part of the Province's Action Plan for Saskatchewan Health Care.

Asking for Directions

Our board is seeking input as it develops its initial agenda.

In *Room for Improvement*, we introduced five potential starting points for the Council:

- access to health services;
- applying evidence;
- primary health care;
- quality improvement; and,
- patient safety.

Our board identified these possibilities, based on key indicators of health and health care in Saskatchewan, and research evidence and quality improvement initiatives elsewhere.

In late March we began meeting with professional associations and regional health authorities to introduce our new agency and mandate, and to seek their input on priorities.

First Steps Down the Road

The road ahead holds endless possibility.

The Health Quality Council is carrying forward work started under the Health Services Utilization and Research Commission (HSURC), including projects to improve mental health care, emergency medical response in rural areas, and the Quality Workplace Program to improve working environments.

And we are beginning to explore exciting new options for creating a culture of quality improvement.

To build momentum for this movement, we have begun planning for a province-wide network of leaders in quality improvement, drawn from regional health authorities and other interested partners.

To improve quality at the front lines of care, we are exploring the possibility of providing seed money for quality improvement initiatives and activities.

WHO'S ON-BOARD?

Steering our course is an expert panel of provincial, national, and international leaders in the fields of policy, clinical practice, health system research, and quality improvement:

(Chair) **Stewart McMillan**
Chair of the Department of Family Medicine for Regina-Qu'Appelle Regional Health Authority.

(Vice-chair) **Marlene Smadu**
Associate Dean (Regina site) in the College of Nursing, University of Saskatchewan.

Peter Barrett
Faculty member of the College of Medicine, University of Saskatchewan, and past President of the Canadian Medical Association.

John Conway
Professor of Psychology (Emeritus), University of Saskatchewan, and Fellow and former President of the Canadian Psychological Association.

Eber Hampton
President of the Saskatchewan Indian Federated College (SIFC).

Cecile Hunt
Director of Integrated Health Services for the Prairie North Regional Health Authority.

Dennis Kendel
CEO and Registrar of the College of Physicians and Surgeons of Saskatchewan.

Steven Lewis
Health policy and research consultant based in Saskatoon, and Adjunct Professor of Health Policy at the University of Calgary.

Yvonne Shevchuk
Head of the Division of Pharmacy in the College of Pharmacy and Nutrition, University of Saskatchewan.

Charlyn Black
Director of the University of British Columbia's Centre for Health Services and Policy Research, and Professor in the Department of Health Care and Epidemiology.

Daniel Fox
President of the Milbank Memorial Fund, an endowed foundation that engages in nonpartisan analysis, study, research, and communication on significant issues in health policy.

Kenneth Kizer
President and CEO of the National Quality Forum, a private, non-profit, membership organization based in Washington, D.C.

Don Berwick (special advisor)
President and CEO of the US-based Institute for Healthcare Improvement (IHI), a non-profit organization dedicated to improving the quality of health care systems through education, research, and demonstration projects, and through fostering collaboration among health care organizations and their leaders.

Most staff involved with the utilization research mandate of the Health Services Utilization and Research Commission transferred to the Health Quality Council. **Laurence Thompson**, CEO of HSURC, was appointed interim chief executive officer of the new agency.

NOTE: THE FOLLOWING THREE PAGES PRESENT A SUMMARY OF OUR FINANCIAL STATEMENTS. THE COMPLETE AUDITED FINANCIAL STATEMENTS—INCLUDING ACCOMPANYING NOTES—ARE AVAILABLE UPON REQUEST.

HEALTH QUALITY COUNCIL
STATEMENT OF FINANCIAL POSITION
As at March 31, 2003

		2003
Financial Assets		
Cash	$	1,518,969
Accrued Interest Receivable		42
Accounts Receivable		10,199
Long Term Investments		15,000
		1,544,210
Liabilities		
Accounts Payable		64,000
Payroll Liabilities		1,920
		65,920
Net Financial Assets		1,478,290
Non-Financial Assets		
Tangible Capital Assets		30,890
Prepaid Expenses		15,757
		46,647
Accumulated Surplus	$	1,524,937

HEALTH QUALITY COUNCIL
STATEMENT OF OPERATIONS
For The Period Ended March 31, 2003

	2003	
	Budget	Actual
Revenue		
Saskatchewan Health General Revenue Fund	$ 1,524,999	$ 1,524,999
Recoveries	—	4,013
Interest Income	—	355
Miscellaneous	—	1,000
Total Revenue	1,524,999	1,530,367
Expenses		
Project Funding	$ —	$ 10,000
Wages and Benefits	204,363	224,142
Administrative and Operating Expenses	87,967	77,105
Honoraria and Expenses of the Board and Committees	6,131	40,416
Amortization Expense	—	2,813
Rent	44,353	43,254
Total Expenses	342,814	397,730
Annual Surplus, Before Transfer	$ 1,182,185	$ 1,132,637
Transfer from Health Services Utilization and Research Commission		392,300
Annual Surplus		$ 1,524,937
Accumulated Surplus, Beginning of Period		-
Accumulated Surplus, End of Period		$ 1,524,937

HEALTH QUALITY COUNCIL
STATEMENT OF CHANGE IN NET ASSETS
For The Period Ended March 31, 2003

	2003
Annual Surplus	$ 1,524,937
Acquisition of Tangible Capital Assets	(8,573)
Transfer of Tangible Capital Assets from Health Services Utilization and Research Commission	(25,130)
Amortization of Tangible Capital Assets	2,813
	(30,890)
Acquisition of Prepaid Expense	(15,757)
Increase in Net Assets	1,478,290
Net Financial Assets, Beginning of Period	-
Net Financial Assets, End of Period	$ 1,478,290

Changing the culture: Improving the quality of health care requires managers and providers to change the way they think about their work.

Sharing successes and learning: Peer-to-peer sharing of lessons learned—particularly successes—demonstrates what is possible.

Engaging patients: Patient feedback on the care they receive is a powerful force for improvement.

Partnering with managers and providers: People are more open to change if they are involved in determining what that change looks like.

Basing improvement on evidence: Quality improvement must be rooted in the best evidence, not tradition or opinion.

Organizing for results: Enthusiasm, training, and collaboration are not enough; quality improvement demands goal-focused systems and measurement tools to chart progress.

HEALTH QUALITY COUNCIL

HEALTH QUALITY COUNCIL

Health Quality Council • Atrium Building, Innovation Place • 241-111 Research Drive • Saskatoon, SK S7N 3R2 Canada • Phone: (306) 668-8810 • Fax: (306) 668-8820
Email: info@hqc.sk.ca • www.hqc.sk.ca

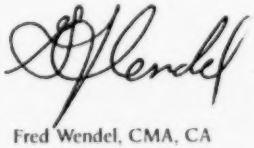
HEALTH QUALITY COUNCIL
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Health Quality Council as at March 31, 2003 and the statements of operations and change in net assets and cash flows for the period then ended. The Council's management is responsible for preparing these financial statements for the Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Health Quality Council as at March 31, 2003 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.



Fred Wendel, CMA, CA
Provincial Auditor
Regina, Saskatchewan

June 10, 2003

HEALTH QUALITY COUNCIL
STATEMENT OF FINANCIAL POSITION
As at March 31, 2003

	2003
Financial Assets	
Cash	$ 1,518,969
Accrued Interest Receivable	42
Accounts Receivable	10,199
Long Term Investments (Note 3)	15,000
	1,544,210
Liabilities	
Accounts Payable	64,000
Payroll Liabilities	1,920
	65,920
Net Financial Assets	1,478,290
Non-Financial Assets	
Tangible Capital Assets (Note 4)	30,890
Prepaid Expenses	15,757
	46,647
Accumulated Surplus	$ 1,524,937

Commitments (Note 9)

(SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS)

HEALTH QUALITY COUNCIL
STATEMENT OF OPERATIONS
For The Period Ended March 31, 2003

	2003	
	Budget Note 7	Actual
Revenue		
Saskatchewan Health General Revenue Fund	$ 1,524,999	$ 1,524,999
Recoveries	---	4,013
Interest Income	---	355
Miscellaneous	---	1,000
Total Revenue	1,524,999	1,530,367
Expenses		
Project Funding	$ ---	$ 10,000
Wages and Benefits	204,363	224,142
Administrative and Operating Expenses	87,967	77,105
Honoraria and Expenses of the Board and Committees	6,131	40,416
Amortization Expense	---	2,813
Rent	44,353	43,254
Total Expenses	342,814	397,730
Annual Surplus, Before Transfer	$ 1,182,185	$ 1,132,637
Transfer from Health Services Utilization and Research Commission (Schedule 1)		392,300
Annual Surplus		$ 1,524,937
Accumulated Surplus, Beginning of Period		-
Accumulated Surplus, End of Period		$ 1,524,937

(SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS)

HEALTH QUALITY COUNCIL
STATEMENT OF CHANGE IN NET ASSETS
For The Period Ended March 31, 2003

	2003
Annual Surplus	$ 1,524,937
Acquisition of Tangible Capital Assets	(8,573)
Transfer of Tangible Capital Assets from Health Services Utilization and Research Commission (Schedule 1)	(25,130)
Amortization of Tangible Capital Assets	2,813
	(30,890)
Acquisition of Prepaid Expense	(15,757)
Increase in Net Assets	1,478,290
Net Financial Assets, Beginning of Period	-
Net Financial Assets, End of Period	$ 1,478,290

(SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS)

HEALTH QUALITY COUNCIL
STATEMENT OF CASH FLOWS
For The Period Ended March 31, 2003

	2003
Operating Transactions	
Cash Received From	
Saskatchewan Health General Revenue Fund	$ 1,524,999
Health Services Utilization and Research Commission Transfer (Schedule 1)	367,170
Interest Income	313
Other Income	1,000
	1,893,482
Cash Paid For	
Wages and Benefits	224,142
Supplies and Other	126,798
	350,940
Cash Provided by Operating Transactions	1,542,542
Capital Transactions	
Purchase of Tangible Capital Assets	(8,573)
Investment Transactions	
Increase in Investments	(15,000)
	(15,000)
Net Increase in Cash	1,518,969
Cash, Beginning of Period	-
Cash, End of Period (Statement 1)	$ 1,518,969

(SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS)

HEALTH QUALITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Establishment of the Council

The Health Quality Council Act was given Royal Assent July 10, 2002 and proclaimed on November 22, 2002. The Council provides advice to the Government, regional health authorities, and health care professionals and reports to the public on a wide range of issues related to health system quality and performance. The Health Quality Council commenced operations on November 22, 2002.

On January 1, 2003, certain fixed assets, personnel, cash and existing contracts were transferred from the Health Services Utilization and Research Commission to the Health Quality Council as per a written transfer agreement. These amounts total $392,300 and are detailed on Schedule 1.

Financial statements for the Health Quality Council include the period November 22, 2002 to March 31, 2003.

2. Accounting Policies

The Health Quality Council uses Canadian generally accepted accounting principles appropriate for the public sector. The following accounting principles are considered to be significant:

a) **Operations**
For the operations of the Health Quality Council, the primary revenue is received from Saskatchewan Health - General Revenue Fund. Other sources of revenue include interest and miscellaneous revenue. Expenses consist of cost of in-house research, project funding, and administrative costs. Contributions are recognized as revenue in the year received or receivable if the amount can be reasonable estimated and collection is reasonably assured.

b) **Tangible Capital Assets**
Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Office Furniture	10 years
Office Equipment	3 years
Computer Hardware	5 years
Computer Software	3 years

Normal maintenance and repairs are expensed as incurred.

c) **Investments**
Investments are valued at the lower of amortized cost or net realizable value.

3. Investments

The Health Quality Council held one investment as of March 31, 2003. This investment is held with the CIBC for security purposes for the Council's credit card.

	2003	
	Carrying Value	Interest Rate
Long-Term Investments:		
CIBC - Collateral	$15,000	1.500%

4. Capital Assets

	2003 Equipment
Assets transferred from Health Services Utilization and Research Commission (Schedule 1)	$ 93,801
Additions during the period	8,573
Closing cost	$ 102,374
Accumulated amortization for assets transferred from Health Services Utilization and Research Commission (Schedule 1)	$ 68,671
Amortization for the period	2,813
Closing accumulated amortization	$ 71,484
Net book value of tangible capital assets	$ 30,890

In accordance with the transfer agreement with the Health Services Utilization and Research Commission, tangible capital assets were transferred into the Health Quality Council (Schedule 1).

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards, and commissions related to the Council by virtue of common control by the Government of Saskatchewan, and non-crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms.

Project Funding, Administrative and Occupancy Expenses	2003
Capital Pension Plan - employee benefits	$ 9,738
Prairie North Health Region	5,000
Regina Qu'Appelle Health Region	5,000
Saskatchewan Health Research Foundation	6,574
Saskatchewan Property Management Corporation	335
Saskatchewan Opportunities Corporation	45,930
University of Saskatchewan	573

The Council pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Council pays the Goods and Services Tax (GST) on all its taxable purchases. The Council is eligible, and applies, for a rebate of 50% for the GST. The remaining 50% GST is recorded as part of the cost of the purchase.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and notes thereto.

6. Financial Instruments

The Council has the following financial instruments: accrued interest receivable, accounts receivable, investments, and accounts payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) **Significant Terms and Conditions**
There are no significant terms and conditions associated with the financial instruments, other than investments, that may affect the amount, timing, and certainty of future cash flows. Significant terms and conditions for investments are described separately in these financial statements and notes thereto.

b) **Interest Rate Risk**
The Council is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates. The Council does not have any long-term investments that may be affected by market pressures.

The Council's receivables and payables are non-interest bearing.

c) **Credit Risk**
The Council is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

Most of the Council's receivables are from provincial and federal governments. Therefore the credit risk is minimal.

The Council's investment consists of a flexible GIC with a major Canadian bank. This investment is in place to secure the Council's credit card with the same financial institution. Therefore, credit risk for investments and related accrued interest receivable is minimal.

d) **Fair Value**
For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Accrued Interest Receivable
Accounts Receivable
Long-term Investments
Accounts Payable

7. Budget

The budget amounts are based on a pro-rated budget, previously developed by the Health Services Utilization and Research Commission, for the three-month period that the Health Quality Council has operated. The Board for the Health Quality Council approved the pro-rated budget on January 10, 2003.

8. Pension Plan

The Health Quality Council is a participating employer in the Capital Pension Plan, a defined contribution pension plan. Eligible employees make monthly contributions of 5.5% of gross salary, which are matched by the Health Quality Council. During the period, the Council's contributions were $9,738.

9. Contractual Commitments

As of March 31, 2003, the Health Quality Council was a party to commitments that allow for the operation of the Council. The commitments are as follows:

		Monthly Cost	Expires
Saskatchewan Opportunities Corporation	Office Rent	$14,725	08/31/2003
Danka	Photocopier	272	03/01/2004
Pitney Bowes	Postage Machine	90	06/30/2004

10. Comparative Information

There is no comparative information as the Health Quality Council commenced operations on November 22, 2002.

HEALTH QUALITY COUNCIL
STATEMENT OF TRANSFERS FROM HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION

Cash Transfers (Statement 4)		$ 367,170
Fixed Assets		
Office Furniture	$ 16,973	
Accumulated Amortization	(12,526)	
Net Office Furniture		4,447
Office Equipment	12,235	
Accumulated Amortization	(7,654)	
Net Office Equipment		4,581
Computer Hardware	61,309	
Accumulated Amortization	(45,850)	
Net Computer Hardware		15,459
Computer Software	3,284	
Accumulated Amortization	(2,641)	
Net Computer Software		643
Net Book Value Fixed Assets		25,130
TOTAL TRANSFER		$ 392,300

(SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS)